

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

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Americas bunker benchmarks have taken mixed directions, and Los Angeles' Hi5 spread is at its widest level since November.

Changes on the day to 07.00 CST (13.00 GMT) today:

- **VLSFO prices up in Houston (\$3/mt) and Zona Comun (\$1/mt), unchanged in New York, and down in Los Angeles and Balboa (\$4/mt)**
- **LSMGO prices up in Zona Comun (\$9/mt), Balboa (\$5/mt), Los Angeles (\$2/mt) and New York (\$1/mt), and down in Houston (\$10/mt)**
- **HSFO prices up in Houston (\$3/mt) and New York (\$2/mt), and down in Los Angeles (\$27/mt) and Balboa (\$1/mt)**

Los Angeles' Hi5 spread has widened further to \$232/mt in the past day as the port's HSFO price has dropped more steeply compared to its VLSFO grade. The port's Hi5 spread is currently at its widest level since November 2023.

Houston's LSMGO price has defied Brent's upward movement and has dropped amid downward pressure from a lower-priced 150–500 mt stem. Meanwhile, New York's LSMGO price has gained marginally. This has widened New York's LSMGO price premium over Houston from \$16/mt, to \$27/mt.

Despite a price drop, the availability of LSMGO stems for prompt delivery in Houston remains tight.

Currently, bunkering is proceeding normally in Zona Comun. However, a forecast of bad weather conditions over the weekend could impact bunkering again. Availability is very tight for both VLSFO and LSMGO at the anchorage, and the earliest delivery date with a supplier is 10 March.

Brent

The front-month ICE Brent contract gained \$0.61/bbl on the day, to trade at \$83.62/bbl at 07.00 CST (13.00 GMT) today.

Upward pressure

Brent futures extended the previous day's gains amid growing concerns about global supply tightness.

Voluntary production cuts of 2.2 million b/d by OPEC producers and allies (OPEC+) that commenced from the beginning of this year have been supporting Brent's price. Oil market analysts expect the coalition to extend the current supply agreement into the second quarter of 2024.

"[Brent] Prices have been steadily climbing in recent weeks amid signs of tightness," ANZ Bank's senior commodity strategist Daniel Hynes said.

OPEC+ is scheduled to meet in early March to discuss its output strategy.

"The focus is gradually shifting to the OPEC+ decision on voluntary output cuts for the second quarter of 2024," said two analysts from ING Bank. "Expectations are that the group may extend the existing cuts considering the softer crude oil prices," they added.

Downward pressure:

Brent's price gains were capped after the US Energy Information Administration's (EIA) weekly oil inventory report showed a sizeable build in US crude stocks, indicating slow demand growth in the country.

Commercial crude oil inventories in the US increased for the fifth straight week, by 4 million bbls to reach 447.16 million bbls on 23 February, according to the EIA. Analysts polled by Reuters expected a rise of 2.7 million bbls.

"Oil [Brent] futures dipped following the data release by the U.S. Energy Information Administration (EIA), indicating a continued increase in commercial crude oil stockpiles for the fifth consecutive week through February 23," said SPI Asset Management's managing partner Stephen Innes.

Meanwhile, the US, the UAE and Qatar's ongoing negotiations over a six-week ceasefire in the Gaza Strip in exchange for the release of Israeli hostages have also put some downward pressure on Brent's prices.

US President Joe Biden said that Israel has agreed to halt military operations in Gaza during the Muslim holy month of Ramadan which begins on 10 March, Reuters reported.

By Debarati Bhattacharjee and Aparupa Mazumder

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